

ASX RELEASE

QUARTERLY ACTIVITIES SUMMARY FOR THE QUARTER ENDED 30 JUNE 2012

During the reporting period Eureka Energy "Eureka" (ASX:EKA) was the subject of a successful on market bid by Aurora Oil and Gas Ltd "Aurora" (ASX:AUT TSX:AEF). The Company also continued to participate in an active drilling program within the Sugarkane Gas and Condensate Field in South Texas. The following corporate, operational and production highlights should be noted:-

- On 30 April 2012 Aurora announced an on market cash offer for all the shares of Eureka at a price of \$0.45/share. By the end of the reporting period Aurora had increased its holding to approximately 75%. Subsequent to the reporting period this increased further to 98.3% and Aurora has commenced compulsory acquisition of the remaining shares.
- On 21 May 2012 Eureka announced the execution of a secured Debt facility with Macquarie Bank and on May 23, 2012 borrowed the first \$9m of a committed \$15m tranche within the facility. Subsequent to the reporting period on 18 July 2012 Eureka announced that it had replaced the Macquarie Bank facility with a committed unsecured and interest free \$20m facility provided by Aurora.
- Eureka produced a total of 72,557 mscf of raw gas and 24,909 bbls of condensate before
 processing and royalties during the reporting quarter. After estimates of these deductions
 Eureka produced 40,856 mscf of sales gas, 18,432 bbls of condensate and oil as well as 5,529
 bbls of NGLs. This equates to 30,770 boe after royalties or 338 boe/d.
- A total of 9 gross (0.48 net) wells commenced production during the quarter.
- Construction has commenced on the three central facilities that are located within the Sugarloaf AMI and Eureka expects to participate in these facilities to the extent of its working interest in the acreage they will service.
- Eureka continued to evaluate the Pan de Azacure and Brioche acreage for commercialisation opportunities.

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Operations

Eureka holds acreage in three separate areas within the Eagle Ford trend. The acreage associated with each area is shown in the table below:

Area	Working Interest	Gross Acreage	Net Acreage
Sugarloaf	6.25%	24,743*	1,521
Pan de Azucar	100%	675	675
Black Jack Springs	9.4%	916	86
Brioche	100%	4,460	4,460
Total		76,700	6,742

^{*} Approximately 500 gross acres associated with units formed with adjacent acreage to the Sugarloaf AMI.

Below is a summary of the new well activities carried out within the Sugarloaf AMI during the quarter. Where wells straddle the AMI boundary Eureka's interests are diluted and a blended working interest is shown in the table below.

Well	Working	Activit	Activities carried out during the 2nd Quarter		
vveii	Interest	Spudded	Cased	Fracced	Producing
Kimble Gilley 1H	6.25%				√
Brysch Adams 1H	6.25%				
Adams Tipton 1H	6.25%				V
Tipton Jonas 1H	3.09%		$\sqrt{}$		V
Children Weston 1H	6.25%	\checkmark	Well abando	oned after drillir	ng difficulties
Children Weston 2H	6.25%		V	√	V
Brown Dupnik A1H	5.65%		V	V	V
Olsen Esse 1H	6.25%		V	V	V
Olsen Esse 2H	6.25%		√	√	√
Franke Johnson 3H	1.98%	√	V	V	
Imperial 1H+	6.25%	√	V	V	
St Germaine Imperial 1H+	6.25%	√	V	V	
Imperial 2H+	6.25%	√	√	√	
St Germaine Imperial 2H+	6.25%	√	V	V	
Forshage Howell 2H+	6.25%	√	V	V	
Franke Johnson 2H	1.98%	√	√	√	V
Forshage Howell 3H+	6.25%	√	√		
Davila 2H	6.25%	√	V		
Davila 1H	6.25%	√	$\sqrt{}$		
Davila Graham 1H	6.58%	$\sqrt{}$	$\sqrt{}$		
Luna 2H	6.25%	√			
Culberson Patteson 1H	5.73%	V			

⁺ Pad Drilling/Spacing Pilot Program



Infrastructure development by the operator Marathon Oil Corporation is presently underway within the Sugarloaf AMI. There are three central facilities under construction that will service the Sugarloaf AMI and surrounding acreage.

Production.

Eureka production before royalties from the Sugarloaf AMI during the second quarter is summarised as follows:

- 72.6 mmscf of rich gas, and
- 24,909 bbls of condensate and oil

After processing and adjustments for royalties this is estimated at

- 40.9 mmscf of sales gas
- 18,432 bbls of condensate and oil
- 5,529 bbls of NGLs

On a liquid equivalent basis is this 30,770 boe or 338 boe/d.

The following table provides further details of individual well performance observed during the reporting quarter.

Well	Days	Working Interest	Total Gas Production (mscf)	Total Condensate Production (bbls)	Average Daily Equivalent Oil Rate (boe/d)*
Sugarloaf AMI					
Pfieffer Bell 1H	30	4.25%	16,287	14,550	575
Kimble Gilley 1H	30	6.25%	9,538	20,784	746
Adams Tipton 1H	30	6.25%	19,856	18,577	730
Brysch Adams 1H	30	6.25%	24,442	20,079	805
Children Weston 2H	30	6.25%	78,237	21,197	1,165
Olson Esse 1H	30	6.25%	104,285	8,383	859
Olson Esse 2H	30	6.25%	92,815	10,356	861
Pfieffer Bell 1H	60	4.25%	28,280	26,428	466
Kimble Gilley 1H	60	6.25%	36,511	35,695	647
Adams Tipton 1H	60	6.25%	36,549	30,890	503
Brysch Adams 1H	60	6.25%	43,817	35,167	611



Corporate

On Market takeover

On April 30, 2012, Aurora announced an on market cash offer for all the outstanding shares of Eureka not already owned at a price of \$0.45/share. The offer valued the Company at approximately A\$107m and represented a premium of 36% to the last closing share price of Eureka and a 40% premium to the 90 day vwap of Eureka shares.

By the end of the reporting period Aurora had increased its holding to approximately 75%. Subsequent to the reporting period this increased further to 98.3% and Aurora commenced compulsory acquisition of the remaining 1.7% shareholding.

Board

On 20 June 2012 the entire board of Eureka, Messrs McCubbing, Wilson and Bloking resigned. On the same day a new board was formed comprising nominees of Aurora Oil & Gas Limited, Messrs Stewart, Dowland and Lusted. In addition Mr Roger Steinepreis was appointed a non executive independent director. On 4 July Mr Tim Grice was appointed a non executive independent director. Messrs Steinepreis and Grice are not associated with Aurora.

Financing

On 21 May 2012 Eureka announced the execution of a three year senior secured amortizing term Debt facility with Macquarie Bank. The terms of the Macquarie facility were negotiated and agreed by the previous board of Eureka. The facility provided Eureka with US\$15 million of funds available for drawdown subject to certain conditions which included the perfection of security and the payment of fees. The initial and only drawdown under the Macquarie facility occurred on 23 May 2012 for the sum of US\$9 million. This drawdown required the Company to prepay a cash fee of US\$2.25 million which was refundable if the company issued 12.5 million, 4 year options to Macquarie at an exercise price of A\$0.36 per option. At the general meeting held on 29 June 2012, Eureka shareholders did not approve the issue of these options to Macquarie and therefore the cash payment was retained by Macquarie.

On 19 July 2012 and under the direction of the new board Eureka entered into a refinancing arrangement with Aurora enabling the repayment and termination of the Macquarie facility. Aurora agreed to provide Eureka a six month credit facility of up to US\$20 million on an unsecured and interest free basis to fund the repayment of the Macquarie debt facility, capital expenditure and general working capital. Eureka has drawn US\$9 million under the Aurora facility to enable the Macquarie facility to be fully repaid.

The Macquarie facility has now been terminated with full release of all security.



Financial & explanation to Appendix 5B

The Company's cash balance at 30 June 2012 was US\$7.4 million. In addition, the principal debt outstanding was US\$9 million relating to the drawdown from the Macquarie credit facility.

Under the direction of the former board, Eureka incurred several significant one off payments during the quarter, primarily relating to the establishment of the Macquarie credit facility, defending Aurora's on market cash offer and cash payments to the former CEO and former board members.

Cash payments during the quarter included:

Section 1.2 of Appendix 5B

- (a) Exploration & Evaluation various engineering & land firms US\$471,000
- (b) Capital expenditures—Sugarloaf capital expenditure US\$1,879,000
- (c) Operating Costs Sugarloaf operating expenditure US\$288,000
- (d) Administration costs -
 - external advisors (accounting, tax & legal) US\$424,000
 - broking & investment banking US\$72,000
 - former board payments US\$669,000, Including:
 - William Bloking (tenure 4 months) U\$\$534,000
 - o Peter Mills US\$64,000
 - o lan McCubbing US\$52,000
 - Mark Wilson US\$19,000
 - former CEO Robert Willes US\$106,000
 - other US\$137,000

section 1.7 of Appendix 5B

The Company paid US\$2,097,000 to advisors in relation to the defence of the Aurora on market cash offer. These costs were paid to the Company's advisors comprising corporate, legal, taxation, public relations, accounting and registry advisors.

ENDS

Technical information contained in this report in relation to the Sugarkane field was compiled by Aurora from information provided by the project operator and reviewed by I L Lusted, BSc (Hons), SPE, a Director of Eureka who has had more than 19 years experience in the practice of petroleum engineering. Mr. Lusted consents to the inclusion in this report of the information in the form and context in which it appears.



Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

 $Introduced \ o{1/07/96} \ Origin \ Appendix \ 8 \ \ Amended \ o{1/07/97}, \ o{1/07/98}, \ 30/09/01, \ o{1/06/10}, \ 17/12/10$

Name of entity

EUREKA ENERGY LIMITED

ABN

46 116 829 139

Quarter ended ("current quarter")

30 June 2012

Consolidated statement of cash flows

		Current quarter	Year to date (12
Cash i	flows related to operating activities	\$US'000	months)
			\$US'000
1.1	Receipts from product sales and related	1,742	6,482
	debtors		
1.2	Payments for (a) exploration & evaluation	(471)	(1,063)
	(b) development	(1,879)	(4,113)
	(c) production	(288)	(2,904)
	(d) administration	(1,409)	(2,672)
1.3	Dividends received	40	44.4
1.4	Interest and other items of a similar nature received	18	114
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		64
1.7	Other - Takeover defence	(2,097)	(2,097)
	Net Operating Cash Flows	(4,384)	(6,189)
0	Cash flows related to investing activities		(4.020)
1.8	Payment for purchases of: (a) prospects	-	(1,030)
	(b) equity investments	-	- (CT)
	(c) other fixed assets Proceeds from sale of: (a) prospects	-	(65)
1.9	Proceeds from sale of: (a) prospects (b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities		
1.10	Loans repaid by other entities	_	_
1.12	Other (provide details if material)	_	_
1.12	(provide details it indetitui)		
	Net investing cash flows	-	(1,095)
	<u>U</u>		
1.13	Total operating and investing cash flows (carried forward)		

⁺ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(4.204)	(7.204)
	(brought forward)	(4,384)	(7,284)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	303	303
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	9,000	9,000
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - Borrowing Costs	(2,781)	(2,816)
	Net financing cash flows		
	ree maneing cash nows	6,522	6,487
	Net increase (decrease) in cash held	2,138	(797)
1.20	Cash at beginning of quarter/year to date	5,269	8,163
		·	•
1.21	Exchange rate adjustments to item 1.20	(44)	(3)
1.22	Cash at end of quarter		
		7,363	7,363

Payments to directors of the entity and associates of the directors Payments to related entities of the entity and associates of the related entities

		Current quarter \$US'000
1.23	Aggregate amount of payments to the parties included in item 1.2	669
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25	Explanation necessary for an understanding of the transactions		
	Director's fees and consulting fees.		

Non-cash financing and investing activities

2.1	Details of financing and	l investing transactions	which have	had a materia	l effect on
	consolidated assets and	liabilities but did not in	nvolve cash f	flows	

consolidated assets and habilities but did not involve cash nows					
N/A					

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A			

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⁺ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available	Amount used
		\$US'000	\$US'000
3.1	Loan facilities	15,000	9,000
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

4.1	Exploration and evaluation	
4.2	Development	
4.3	Production	7,000
4.4	Administration	50
-	Total	7,050

Reconciliation of cash

show	nciliation of cash at the end of the quarter (as in the consolidated statement of cash flows) e related items in the accounts is as follows.	Current quarter \$US'000	Previous quarter \$US'000
5.1	Cash on hand and at bank	7,363	5,269
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	7,363	5,269

Changes in interests in mining tenements

6.1 Interests in mining tenements relinquished, reduced or lapsed

6.2 Interests in mining tenements acquired or increased

	Tenement	Nature of interest	Interest at	Interest
	reference	(note (2))	beginning of	at end of
			quarter	quarter
,	-	-	-	-

⁺ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarterDescription includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities (description)	-	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions	-	-	-	-
7.3	[†] Ordinary securities	237,764,050	237,764,050	Various	Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buybacks	750,000	750,000	\$0.40	\$0.40
7.5	*Convertible debt securities (description)	-	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	Options (description and conversion factor)	-	-	-	-
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	750,000	Nil	Exercise Price \$0.40	Expiry Date 30/6/14
7.10	Expired during quarter	750,000 750,000	Nil Nil	\$0.50 \$0.60	Expired upon retirement.
7.11	Debentures (totals only)	-	-	, -	
7.12	Unsecured notes (totals only)				

⁺ See chapter 19 for defined terms.

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Compliance statement

- This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX.
- This statement does /does not* give a true and fair view of the matters disclosed.

Sign here:	Date: 31 July 2012

(Director/Company secretary)

Print name:Graham Dowland......

Notes

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- Issued and quoted securities The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- The definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report.
- Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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⁺ See chapter 19 for defined terms.